



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2017 Biennium

<b>Bill #</b>	SB0020
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<b>Title:</b>	Reallocate metal mines license tax
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<b>Primary Sponsor:</b>	Vincent, Chas
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<b>Status:</b>	As Introduced
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- ☐ Significant Local Gov Impact   
 ☒ Needs to be included in HB 2   
 ☐ Technical Concerns  
☐ Included in the Executive Budget   
 ☒ Significant Long-Term Impacts   
 ☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$6,609,000	\$6,177,000	\$6,075,000	\$6,097,000
<b>Revenue:</b>				
General Fund	(\$6,609,000)	(\$6,177,000)	(\$6,075,000)	(\$6,097,000)
State Special Revenue	\$6,609,000	\$6,177,000	\$6,075,000	\$6,097,000
<b>Net Impact-General Fund Balance:</b>	<u>(\$6,609,000)</u>	<u>(\$6,177,000)</u>	<u>(\$6,075,000)</u>	<u>(\$6,097,000)</u>

**Description of fiscal impact:** This bill would change the general fund allocation of metalliferous mines license tax from 57% to 10% and reallocate the revenue to the existing environmental quality protection fund for the cleanup of abandoned hard rock mines. Funds allocated for this purpose would be specifically exempted from other requirements of the Comprehensive Environmental Cleanup and Responsibility Act. The fund shift would reallocate between \$6.6 million and \$6.1 million per year from the general fund to the environmental quality protection fund.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Revenue**

1. This bill would change the general fund allocation from 57% of revenue to 10% of revenue, and allocate that 47% of revenue to the environmental quality protection fund. The HJR 2, general fund revenue estimates of metalliferous mines license tax collections under the current 57% allocation is estimated at \$8.015 million in FY 2016 and \$7.491 million in FY 2017. For FY 2018 and FY 2019, HJR 2 assumptions,

as extended by OBPP for fiscal notes, projects general fund collections of \$7.368 million and \$7.394 million, respectively.

2. The amount of revenue that would be reallocated from the general fund to the environmental quality protection fund would be \$6.609 million in FY 2016, \$6.177 million in FY 2017, \$6.075 million in FY 2018, and \$6.097 million in FY 2019.
3. The change in allocation proposed in this bill is effective for fiscal years beginning with FY 2016 and terminating at the end of FY 2021.

**Department of Environmental Quality**

4. The funds dedicated by SB 20 would go to the Environmental Quality Protection Fund (EQPF) for metal mine (hard rock) reclamation projects.
5. An estimated 6,000 abandoned or inactive hard rock mine and milling sites exist in Montana. Those have been prioritized based on public health and safety and the environment. Abandoned hard rock mine reclamation projects have been ongoing since 1995. The per-project cost of contracted services for these projects have ranged from \$250,000 to \$22 million.
6. Some abandoned hard rock mine reclamation projects have been funded by federal coal tax dollars collected pursuant to the Surface Mining Control and Reclamation Act (SMCRA) and administered by the Department of Interior Office of Surface Mining (OSM). However, DEQ is required to address coal problems as they arise. Due to the identification and reevaluation of existing problems at coal sites and a reduction in SMCRA funding, DEQ does not expect to fund additional hard rock projects through SMCRA. Approximately 93% of the total funds dedicated for abandoned metal mine reclamation in the EQPF would pay for contracted engineering, survey, construction services, and other minimal administrative operating expenses (i.e. travel, per diem, motor pool, and field supplies).
7. The approximate 7% of the funds in the EQPF would pay for DEQ oversight of those cleanup contracts. This estimate is consistent with the last three years of Abandoned Mine Lands (AML) Program budget for OSM grants. These costs include DEQ staff time to investigate and prioritize metal mine reclamation projects, administer contracts for engineering, survey and construction, attend public meetings, attend trainings, and conduct maintenance and monitoring on reclamation projects to ensure success.
8. No new employees will be required to manage the increase in funding for these reclamation projects. The tasks will be performed by existing DEQ personnel.
9. If SB 20 passes, there will be some shift of work assignments between funding sources.

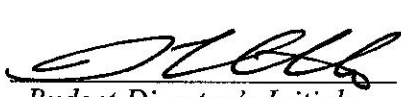
## Fiscal Note Request – As Introduced

(continued)

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
<b>Department of Environmental Quality</b>				
Personal Services	\$462,630	\$432,390	\$425,250	\$426,790
Operating Expenses	\$6,146,370	\$5,744,610	\$5,649,750	\$5,670,210
<b>TOTAL Expenditures</b>	<u>\$6,609,000</u>	<u>\$6,177,000</u>	<u>\$6,075,000</u>	<u>\$6,097,000</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$6,609,000	\$6,177,000	\$6,075,000	\$6,097,000
<b>TOTAL Funding of Exp.</b>	<u>\$6,609,000</u>	<u>\$6,177,000</u>	<u>\$6,075,000</u>	<u>\$6,097,000</u>
<b><u>Revenues:</u></b>				
<b>Department of Revenue</b>				
General Fund (01)	(\$6,609,000)	(\$6,177,000)	(\$6,075,000)	(\$6,097,000)
State Special Revenue (02)	\$6,609,000	\$6,177,000	\$6,075,000	\$6,097,000
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$6,609,000)	(\$6,177,000)	(\$6,075,000)	(\$6,097,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0

**Long-Term Impacts:**

1. This bill would be in effect from FY 2016 through FY 2021, resulting in a loss of revenue to the general fund and an increase in revenue to the environmental quality protection fund through FY 2021.

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Sponsor's Initials\_\_\_\_\_  
Date
  
 Budget Director's Initials

  
 Date